

**IT IS THE VENDOR'S RESPONSIBILITY TO
CHECK FOR ADDENDA PRIOR TO SUBMITTING PROPOSALS**

**REQUEST FOR PROPOSALS
SPECIFICATIONS NO. 04-154**

The City of Lincoln/Lancaster County intend to enter into a contract and invite you to submit a sealed proposal for:

**VOLUNTARY LONG TERM CARE COVERAGE
MEETING OR EXCEEDING THE CITY OF LINCOLN AND
LANCASTER COUNTY'S SPECIFICATIONS**

Eight (8) sealed proposals should be sent to the Purchasing Agent, on or before 12 noon on Wednesday, July 7, 2004 in the office of the Purchasing Agent, 440 South 8th Street, Room 200, K Street Complex, Lincoln, Nebraska 68508. Proposals will be publicly opened, reading only the names of the firms submitting proposals, in the First Floor Bid/ Conference Room.

Submitters should take caution if U.S. Mail, or if mail delivery services are used for the submission of proposals. Mailing should be made in sufficient time for proposals to arrive in Purchasing, prior to the date specified above.

SPECIFICATION FOR VOLUNTARY LONG TERM CARE COVERAGE

1. General Provisions

- 1.1 The City of Lincoln and Lancaster County invite you to submit a response to this Long Term Care coverage Request for Proposal (RFP) for active employees, their spouses, parents and parents-in-law.
 - 1.1.1 The objective of this plan is to meet the potential catastrophic costs of Long Term Care as these costs are not covered by the City of Lincoln and Lancaster County's current medical plan or certain government programs.
 - 1.1.2 Employees may enroll on behalf of themselves, spouses, parents and/or parents-in-law.
- 1.2 Long Term Care premiums will be paid by the Employee with no contribution or subsidization by the City of Lincoln or Lancaster County.
- 1.3 The insurer must provide marketing support during enrollment and total program management thereafter. The City of Lincoln/Lancaster County benefits specialist will assist the insurer with administrative support.
- 1.4 When responding to the RFP, please pay close attention to the following items:
 - 1.4.1 Structure for proposal to match the sections and/or question numbers of this RFP.
 - 1.4.2 Repeat each section and /or question and then provide your response.
 - 1.4.2.1 This will be helpful in making sure each response is properly evaluated during the review process.
- 1.5 Finalists may be asked to make a presentation to representatives of the City of Lincoln/Lancaster County. References will also be checked.
- 1.6 Eight (8) copies of your proposal should be submitted to City/County Purchasing, 440 South 8th Street, Room 200, K Street Complex, Lincoln, NE 68508.
 - 1.6.1 Please include a copy of a sample Long Term Care policy with your response.
 - 1.6.2 Please include a sample contract, if available, between the proposer and the City of Lincoln/Lancaster County with your response.
 - 1.6.3 All proposals become the property of the City of Lincoln/Lancaster County and will not be returned.
- 1.7 All participation in the Long Term Care program should be issued on an individual basis.
 - 1.7.1 The Long Term Care premium for an active employee working 30 hours or more will be withheld via payroll deduction.
 - 1.7.2 Employees who leave City or County employment shall be permitted to continue coverage on a direct bill basis.
- 1.8 All certificates will be guaranteed renewable, except for nonpayment of premiums.
 - 1.8.1 In the event the City/County discontinues its sponsorship or the program, all participants will be allowed to continue coverage on a direct bill basis.
- 1.9 No interpretation of this RFP shall be made orally to any proposer by the City.
 - 1.9.1 Read attached instructions to proposers for clarification of Request for Proposal.
 - 1.9.2 The City/County will determine at its sole discretion whether any request for interpretation shall prompt an explanatory addendum.
 - 1.9.3 Any change or modification to specifications or the process in this RFP will be in the form of a written addendum and will be made available to proposers.
 - 1.9.4 Technical inquiries regarding this Request for Proposals shall be directed to:
Bill Kostner, Risk Manager
555 S 10, Rm 201
Lincoln, NE 68508
Phone: (402) 441-6009
FAX: (402) 441-6800
E-mail: bkostner@lincoln.ne.gov

1.9.5 Procedural inquiries regarding this Request for Proposals shall be directed to:

Vince M. Mejer, CPPO, C.P.M.
Purchasing Agent
440 S 8, Ste 200
K Street Complex, SW Wing
Phone: (402) 441-7410
FAX: (402) 441-6513
E-mail: vmejer@lincoln.ne.gov

- 1.10 The City/County shall not be responsible for any costs incurred in the preparation and presentation of proposals.
- 1.11 By submitting a proposal, the proposer agrees to all requirements, terms and conditions contained in this RFP.
- 1.12 The proposer is cautioned that it is the proposer's responsibility to submit the information necessary to evaluate the proposal.
 - 1.12.1 The City/County is under no obligation to solicit such information if it is not included in the proposal.
 - 1.12.2 Failure by the proposer to submit the information requested may adversely impact the evaluation of the proposal.
- 1.13 All portions of the proposal shall be printed or typewritten.
 - 1.13.1 One original shall be signed in ink by an authorized representative of the proposer who is in a position to bind coverage.
 - 1.13.2 No oral, telegraphic, telephone or facsimile proposal will be accepted.
- 1.14 Proposals must be complete. Incomplete proposals will not be considered and cannot be supplemented, modified or amended by submissions delivered after the closing time and date of the RFP.
- 1.15 Proposals must be submitted in sealed packages or envelopes, bearing clear identification of the proposer, the date and the words, "Long Term Care Proposal".
- 1.16 No commissions or finders fees will be paid.
- 1.17 Responses may be withdrawn or modified by written request from the proposer prior to the date and time of the opening of the responses.
- 1.18 The proposer may not withdraw the proposal during any time prior to the notice of award, which shall in no case extend beyond 180 days from the date the proposals are opened.
- 1.19 The City/County reserves the right to negotiate a final contract with any or all responses, or to accept any responses, base solely on the exercise of the City/County discretion and judgement.
- 1.20 The City and County also reserve the right to re-solicit proposals or to contract separately with different proposers.
- 1.21 Any proposer entering into a contract pursuant to this RFP must be qualified and licensed to engage in the business required by the contract under the laws of the State of Nebraska and comply with any and all federal, state and local laws and regulations necessary to the consummation of the proposal.
- 1.22 The term of the agreement is a three year term for both the City of Lincoln and County of Lancaster, however, the City of Lincoln/Lancaster County reserves the right to cancel this agreement with 60 days advance notice, if it is dissatisfied with the insurer's performance, or for any other reason.
- 1.23 Hold Harmless Clause
 - 1.23.1 The insurer shall use reasonable care and diligence in the exercise of its power and the performance of its duties as specified thereunder.
 - 1.23.2 The insurer will be financially liable for errors relating to a failure to correct deficiencies uncovered by audits in a prompt manner.
 - 1.23.3 The insurer agrees to indemnify the City of Lincoln/Lancaster County and hold harmless its involvement in the administration of the plan from and against any and all loss, liability, damage, expense, or other cost or against the City of Lincoln/Lancaster County with respect to the agreement if and to the extent that such loss, liability, damage, expense, cost, or obligation was the consequence of the dishonest, fraudulent, criminal, or negligent acts of the insurer's employees or agents acting alone or in collusion with others.

2 EVALUATION OF PROPOSALS

- 2.1 Proposals will be evaluated by a selection committee of representatives from the City of Lincoln/County of Lancaster.
 - 2.1.1 The committee will determine which, if any, proposals best meet the requirements of this RFP and make a recommendation to award the rights to that proposer most likely to result in the successful negotiation of a contract that best meets the needs of the City of Lincoln and County of Lancaster.
 - 2.1.2 Proposals considered complete will be evaluated to determine if they comply with the administrative, contractual, technical and financial requirements of the RFP.
 - 2.1.3 Those proposals considered incomplete may be rejected.
 - 2.1.4 If the proposal is unclear, proposers may be asked to provide written clarification.
- 2.2 Elements that may be considered by the committee include, but are not limited to:
 - 2.2.1 Number of existing LTC policies
 - 2.2.2 Ability to meet and satisfy the City/County specifications
 - 2.2.3 Competitiveness of premium assumptions
 - 2.2.4 Degree of underwriting restrictions
 - 2.2.5 Financial strengths and stability of the insurer as reflected by a rating service
 - 2.2.6 Reputation and historical experience in the Long Term Care market
 - 2.2.7 Quality of customer service
 - 2.2.8 Scope of coverage
 - 2.2.9 Number of years in the LTC marketplace
 - 2.2.10 The importance of a strong account management team cannot be overemphasized.
 - 2.2.11 The experience, reputation and integrity of the individual members of the account team you assign is vital to the success of your proposal.
- 2.3 The City/County reserves the right to accept or reject any or all proposals to this RFP and to discontinue the selection process at any time.
- 2.4 The City/County may waive any formality, irregularity or other requirements, which it deems does not materially affect the selection process.
- 2.5 Upon completion of the evaluation process, the successful proposer, if any, will be notified in writing.
 - 2.5.1 The City of Lincoln/County of Lancaster and the notified proposer will use their best efforts to negotiate a contract.
 - 2.5.2 In the event that negotiations with a selected proposer are unsuccessful, the City/County reserves the right to discontinue such negotiations.

3. CITY OF LINCOLN/LANCASTER COUNTY PROGRAM SPECIFICATION

All proposals must answer the following program specifications and describe their ability to meet these requirements.

- 3.1 Insurer Information
 - 3.1.1 Please provide the following information regarding your company.
 - 3.1.1.1 Company name
 - 3.1.1.2 Person responsible for this proposal
 - 3.1.1.3 Title
 - 3.1.1.4 Address
 - 3.1.1.5 Telephone
 - 3.1.1.6 Fax Number
 - 3.1.1.7 Specify the location of the office which would administer this program if different from above along with any national offer.
 - 3.1.2 Financial Ratings:
 - 3.1.2.1 A.M. Best
 - 3.1.2.2 Standard & Poor's
 - 3.1.2.3 Moody's
 - 3.1.3 How long have you been writing individual and Long Term Care coverage?
 - 3.1.4 Please provide the following information related to your Long Term Care program?
 - 3.1.4.1 Number of employer plans (if any)
 - 3.1.4.2 Individual Enrolled lives
 - 3.1.4.3 Average issue age

3.1.4.4 Age distribution (% book of business)

Under 30

30-39

40-49

50-59

60-69

70-79

Over 79

3.1.4.5 Long Term Care 1999 annual premium

3.1.5 What is the total number of full-time employees who are directly employed by your organization who are associated with the Long Term Care program (excluding field sales)?

3.1.6 Is there a national sales force capable of offering Long Term Care insurance to relative and retirees outside of Nebraska?

3.2 Eligibility/Enrollment

3.2.1 What is the procedure for individuals to enroll?

3.2.2 What are your minimum and maximum issue ages?

3.2.3 How long does it take to process an applicant's initial application?

3.2.4 Please submit a sample of your application forms, including any health statement forms that you will use, for each of the classes of participants.

3.2.5 Discuss the procedures you use to process these forms, including the extent to which you call the applicant or contact an attending physician for additional information.

3.2.5.1 Give examples of medical conditions which would result in the rejection of an application and examples of those which will permit acceptance.

3.2.6 As a percent, what rejection rate do you expect for employees after initial enrollment, spouses after initial enrollment, parent and parents-in-law, retirees?

3.2.7 Can those who were rejected in the past apply again in the future?

3.2.8 Who pays for any doctor charges made in connection with an individual's Long Term Care application?

3.2.9 What is your average turnaround time for processing an evidence of insurability application for

3.2.9.1 employees

3.2.9.2 spouses

3.2.9.3 parents and parents-in-law

3.2.9.4 retirees?

3.2.10 Provide your definition of each of the Activities of Daily Living including your definition of when a participant would be considered unable to perform each one.

3.2.11 Would a mental illness such as Alzheimer's Disease be covered under your program?

3.2.11.1 Are other mental and nervous disorders excluded?

3.2.12 Describe what proof is required to certify the disability as eligible for benefits under the Long Term Care policy. In this description, address the following points:

3.2.12.1 Information required from the attending physician.

3.2.12.2 Assessments required by you and at whose expense.

3.2.12.3 Who performs the assessments (i.e. a geriatrician)?

3.2.12.4 If benefits are approved, is re-certification necessary, and at what intervals?

3.2.12.5 If benefits are denied, can re-application be made, and when?

3.2.13 Describe your appeals process for applicants who are denied benefits.

3.2.14 Is there a maximum time period claimants are allowed to submit a claim from the date of occurrence?

3.2.15 Do you exclude coverage of work related injuries?

3.2.16 Is there coverage for care received outside the United States?

- 3.3 Covered Services
 - 3.3.1 Define and explain the extent of coverage for the following services:
 - 3.3.1.1 Licensed nursing homes
 - 3.3.1.2 Home healthcare
 - 3.3.1.2.1 Physical or occupational therapist
 - 3.3.1.2.2 Medical social worker
 - 3.3.1.2.3 Home health aide
 - 3.3.1.2.4 Homemaker/family member
 - 3.3.1.3 Adult daycare
 - 3.3.1.4 Respite care
 - 3.3.1.5 Continuing care/life care retirement community
 - 3.3.1.6 Assisted living care
 - 3.3.1.7 Adult foster care
- 3.4 Benefit Waiting Period
 - 3.4.1 Usually a benefit waiting period must be satisfied before benefit payments can begin.
 - 3.4.1.1 Does your Long Term Care plan offer participants a choice of two or more benefit waiting periods?
 - 3.4.1.2 If so, what are these?
 - 3.4.2 Describe your procedure for determining the start of the waiting period and if or when any extraordinary circumstances (i.e., incapacitation) must be considered when establishing the beginning of the waiting period.
 - 3.4.3 If the full waiting period is not satisfied at one time, may the days already accumulated be applied toward the next episode of disability?
 - 3.4.4 Is the waiting period applied more than once in a person's lifetime?
- 3.5 Lifetime Benefit Maximum
 - 3.5.1 Does your plan offer participants a choice of three lifetime benefit maximum options?
 - 3.5.2 If so, what are these?
 - 3.5.3 Provide an example of how your lifetime benefit maximum is calculated, especially when the policy includes an inflation protector.
 - 3.5.4 Identify any time constraints on a participant's lifetime benefit maximum.
- 3.6 Inflation Protection: Inflation is likely to make the current daily benefit inadequate in the future, especially for younger employees. Some Long Term Care plans include an automatic cost-of-living adjustment.
 - 3.6.1 If your plan has either of these, what provisions are there?
 - 3.6.2 Describe your inflation protection options.
 - 3.6.3 Is evidence of insurability required prior to an inflation protector being made available to an insured?
 - 3.6.4 Must the inflation protector be elected upon initial enrollment, or can it be added after the policy is in force?
- 3.7 Premium Waiver
 - 3.7.1 Describe your premium waiver provision and the criteria and process for waiving premiums.
- 3.8 Portability
 - 3.8.1 Describe your process for transferring an insured from the City/County payroll deduction plan to a direct bill individual plan.
 - 3.8.1.1 Detail any and all differences with the plan you are proposing.
 - 3.8.2 Are there any circumstances in which a participant who is no longer a current employee or who is no longer a spouse of a current or former employee, would not be able to retain coverage?
- 3.9 Pre-existing Condition Provision
 - 3.9.1 Define and describe your pre-existing condition provision and your rationale for using this provision.
 - 3.9.2 Can pre-existing conditions be covered at any time?
 - 3.9.3 Does it matter if the claim begins during the pre-existing condition period?
- 3.10 Coordination of Benefits
 - 3.10.1 Please describe any Coordination of Benefits provisions that your policy may have.
 - 3.10.2 If included in the policy, please indicate what plans will be coordinated with the Long Term Care policy.

- 3.11 Non-forfeiture of Premium Provision
 - 3.11.1 Describe any provision which provides for a full or partial refund of premium upon either death or withdrawal from the plan?
 - 3.11.2 Describe your method for calculating non-forfeiture of premium values.
 - 3.11.3 Identify the additional premium cost, if any.
- 3.12. Premiums, Financial and Reserves
 - 3.12.1 Will rate adjustments be applied identically to both current and new participants?
 - 3.12.2 Please list rate increases over the last ten years.
 - 3.12.3 In the event Medicare, or other federal, state, or local legislation provides Long Term Care coverage or insurance, accumulated reserves may become unnecessary.
 - 3.12.3.1 Describe what would happen to excess reserves.
 - 3.12.3.2 Would they be refunded?
 - 3.12.4 Please explain how future rate increases will be developed.
 - 3.12.4.1 Will subsequent rate adjustments be based on the City/County Long Term Care experience separately or together, or on your total book of business?
 - 3.12.5 Does the insurer guarantee any maximum increase that can be applied at any one time or over the life of the policy after the guarantee period is over?
 - 3.12.5.1 If yes, please provide specifics.
 - 3.12.6 Is the plan intended to be a federally approved tax qualified plan?
 - 3.12.7 Please provide a copy of your company's most recently audited financial statement.
- 3.13 Customer Service
 - 3.13.1 Describe your Long Term Care customer service organization.
 - 3.13.2 Describe your customer service philosophy and how this is demonstrated.
- 3.14 Claims Processing
 - 3.14.1 The selected insurer will be expected to run an organized and efficient claim service.
 - 3.14.2 Provide the address, phone number and fax number of the office(s) that will process claims.
 - 3.14.3 When would any ongoing proof of continuing loss be required?
 - 3.14.4 Describe how an insured applies for benefits.
 - 3.14.4.1 Include copies of all forms that a patient, physician or facility must complete.
 - 3.14.4.2 Are physical exams or interviews normally required?
 - 3.14.4.3 If so, who conducts the exam or interview and at whose expense?
 - 3.14.5 If benefits are approved, how is the patient, family, physician, and facility notified?
 - 3.14.5.1 How long does it take for the first payment to be made?
 - 3.14.5.2 Is payment made directly to the patient or can it be assigned to the facility?
- 3.15 Billing
 - 3.15.1 Describe the payroll deduction requirements for the City/County.
 - 3.15.2 Will you accept electronic payment for premiums?
 - 3.15.3 How frequently do you propose to invoice or direct bill participants, monthly?
 - 3.15.4 Describe your billing system for
 - 3.15.4.1 active employees and their dependents
 - 3.15.4.2 retirees and their dependents
 - 3.15.4.3 other eligible individuals such as parents, parents-in-law and those who have continued their coverage on a portable basis after termination of their employment with the City/County.
 - 3.15.5 Once an individual's coverage is lapsed due to late payment, is it possible for the coverage to be reinstated at a later date?
- 3.16 Management Reports
 - 3.16.1 What is the frequency of the City/County management reports.
- 3.17 Employee Communications
 - 3.17.1 A Long Term Care representative must be available to conduct Employee and Retiree meetings and provide all communication materials at the insurer's expense.

- 3.18 Account Management Team
 - 3.18.1 Provide a table of organization and include each team member's responsibilities and reporting relationships.
 - 3.18.2 Will a dedicated customer service representative be assigned to the City/County?
- 3.19 References
 - 3.19.1 Provide names of five current Long Term Care clients as references, including the principal contact's name, title, address and telephone number.
- 3.20 Miscellaneous
 - 3.20.1 Please identify any other critical or important issues which may have been overlooked.
 - 3.20.2 Identify any other benefits provision which is included in your program at no additional cost or which you believe should be considered in this program.
 - 3.20.3 What distinguishes your company and product from the competition?

CITY EMPLOYEES ELIGIBLE FOR LTC BY AGE AS OF 05/05/04

<u>AGE</u>	<u>SUM</u>	<u>AGE</u>	<u>SUM</u>
21	3	47	75
22	4	48	71
23	3	49	64
24	13	50	85
25	22	51	84
26	26	52	71
27	41	53	72
28	30	54	68
29	47	55	50
30	43	56	49
31	40	57	46
32	46	58	26
33	49	59	32
34	37	60	33
35	51	61	24
36	44	62	9
37	52	63	11
38	45	64	12
39	46	65	9
40	55	66	8
41	50	67	1
42	57	68	6
43	62	69	2
44	69	70	2
45	65	71	1
46	86	72	<u>1</u>

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COUNTY EMPLOYEES ELIGIBLE FOR LTC BY AGE AS OF 05/05/04

<u>AGE</u>	<u>SUM</u>	<u>AGE</u>	<u>SUM</u>
18	1	47	28
19	2	48	39
20	10	49	28
21	15	50	27
22	12	51	24
23	15	52	26
24	18	53	32
25	28	54	21
26	22	55	24
27	22	56	34
28	26	57	17
29	28	58	15
30	22	59	9
31	25	60	14
32	31	61	14
33	28	62	13
34	29	63	12
35	30	64	6
36	27	65	7
37	22	66	3
38	26	67	2
39	17	68	1
40	26	69	5
41	29	70	3
42	29	71	1
43	29	72	2
44	35	73	2
45	33	74	<u>1</u>
46	30		1,077